AMENDED IN SENATE JUNE 23, 2015

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CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL No. 857

Introduced by Assembly Member Perea
(Coauthor: Assembly Member O'Donnell)

February 26, 2015

An act to amend Section 39719.2 of the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 857, as amended, Perea. California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature.

The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, upon appropriation from the Greenhouse Gas Reduction Fund, funds zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and related projects, as specified, with priority given to certain projects, including projects that benefit disadvantaged communities. The program, until January 1, 2018, requires no less than 20% of the funding made available for the purposes of technology development, demonstration, precommercial pilots, and early commercial deployments of zero- and near-zero-emission medium- and heavy-duty truck technology support early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

This bill, between January 2, 2018, and January 1, 2023, inclusive, annually would require no less than 50% or $100,000,000, whichever is greater, of the moneys allocated for technology development, demonstration, precommercial pilots, and early commercial deployments of zero- and near-zero-emission medium- and heavy-duty truck technology be allocated and spent to support the commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology that meets or exceeds a specified emission standard.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 39719.2 of the Health and Safety Code is amended to read:

39719.2. (a) The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program is hereby created, to be administered by the state board in conjunction with the State Energy Resources Conservation and Development Commission. The program, from moneys appropriated from the fund for the purposes of the program, shall fund development, demonstration, precommercial pilot, and early commercial deployment of zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies. Priority shall be given to projects benefiting disadvantaged communities pursuant to the requirements of Sections 39711 and 39713.

(b) Projects eligible for funding pursuant to this section include, but are not limited to, the following:

(1) Technology development, demonstration, precommercial pilots, and early commercial deployments of zero- and near-zero-emission medium- and heavy-duty truck technology, including projects that help to facilitate clean goods-movement corridors.

(A) Until January 1, 2018, no less than 20 percent of funding made available for the purposes of this paragraph shall support early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

(B) (i) Between January 2, 2018, and January 1, 2023, inclusive, annually no less than 50 percent or one hundred million dollars ($100,000,000), whichever is greater, of the moneys allocated for the purposes of this paragraph shall be allocated and spent to support the commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology that meets or exceeds an emission standard of 0.02 grams per brake horsepower-hour oxides of nitrogen, as described in the optional low oxides of nitrogen emission standards in Section 1956.8 of Title 13 of the California Code of Regulations.

(ii) (I) ~~A~~ *Beginning January 2, 2018, a* heavy-duty truck with an internal combustion engine receiving moneys appropriated pursuant to this subparagraph shall~~ use not less than 10 percent renewable fuel beginning January 2, 2018.~~ *not use a fuel with a carbon intensity of greater than 79 percent of the carbon intensity of diesel, as defined in the low-carbon fuel standard (Subarticle 7 (commencing with Section 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations), as of January 1, 2016.*

(II) The state board may~~ increase the minimum percentage of renewable fuel required~~ *reduce the maximum fuel carbon intensity permitted* for *the appropriation of* moneys~~ appropriated~~ pursuant to this subparagraph in subsequent years if the state board makes a finding that a~~ higher percentage is technologically~~ *greater reduction is commercially* feasible and the State Energy Resources Conservation and Development Commission makes a finding that there is a sufficient supply of renewable energy fuel available.~~ An increase~~ *A reduction* adopted pursuant to this subclause shall apply prospectively to moneys awarded after the~~ increase~~ *reduction* is adopted by the state board.

(III) The percentage in effect at the time the moneys are awarded to a heavy-duty truck with an internal combustion engine pursuant to this subparagraph shall not change that award.

~~(IV) The owner or responsible official of a heavy-duty truck with an internal combustion engine receiving moneys appropriated pursuant to this subparagraph shall document the required renewable content by volume of fuel dispensed to the vehicle for the internal combustion engine, as determined by the state board.~~

(IV) This subparagraph does not alter or affect, in any way, the amount of credit or grants for which a low-carbon fuel provider or truck operator is eligible pursuant to law.

(2) Zero- and near-zero-emission bus technology development, demonstration, precommercial pilots, and early commercial deployments, including pilots of multiple vehicles at one site or region.

(3) Zero- and near-zero-emission off-road vehicle and equipment technology development, demonstration, precommercial pilots, and early commercial deployments, including vehicles and equipment in the port, agricultural, marine, construction, and rail sectors.

(4) Purchase incentives, which may include point-of-sale, for commercially available zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and fueling infrastructure to support early market deployments of alternative technologies and to increase manufacturer volumes and accelerate market acceptance.

(5) Projects that support greater commercial motor vehicle and equipment freight efficiency and greenhouse gas emissions reductions, including, but not limited to, advanced intelligent transportation systems, autonomous vehicles, and other freight information and operations technologies.

(c) The state board, in consultation with the State Energy Resources Conservation and Development Commission, shall develop guidance through the existing Air Quality Improvement Program funding plan process for the implementation of this section that is consistent with the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500)) and this chapter.

(d) The guidance developed pursuant to subdivision (c) shall do all of the following:

(1) Outline performance criteria and metrics for deployment incentives. The goal shall be to design a simple and predictable structure that provides incentives for truck, bus, and off-road vehicle and equipment technologies that provide significant greenhouse gas reduction and air quality benefits.

(2) Ensure that program investments are coordinated with funding programs developed pursuant to the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Chapter 8.9 (commencing with Section 44270) of Part 5).

(3) Promote projects that assist the state in reaching its climate goals beyond 2020, consistent with Sections 38550 and 38551.

(4) Promote investments in medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short-haul and long-haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port equipment, agricultural equipment, marine equipment, and rail equipment.

(5) Implement purchase incentives for eligible technologies to increase the use of the cleanest vehicles in disadvantaged communities.

(6) Allow for remanufactured and retrofitted vehicles to qualify for purchase incentives if those vehicles meet warranty and emissions requirements, as determined by the state board.

(7) Establish a competitive process for the allocation of moneys for projects funded pursuant to this section.

(8) Leverage, to the maximum extent feasible, federal or private funding.

(9) Ensure that the results of emissions reductions or benefits can be measured or quantified.

(10) Ensure that activities undertaken pursuant to this section complement, and do not interfere with, efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminants.

(e) In evaluating potential projects to be funded pursuant to this section, the state board shall give priority to projects that demonstrate one or more of the following characteristics:

(1) Benefit disadvantaged communities pursuant to Sections 39711 and 39713.

(2) The ability to leverage additional public and private funding.

(3) The potential for cobenefits or multiple-benefit attributes.

(4) The potential for the project to be replicated.

(5) Regional benefit, with focus on collaboration between multiple entities.

(6) Support for technologies with broad market and emissions reduction potential.

(7) Support for projects addressing technology and market barriers not addressed by other programs.

(8) Support for enabling technologies that benefit multiple technology pathways.

(f) ~~To assist in~~ *In* the implementation of this section, the state board, in consultation with the State Energy Resources Conservation and Development Commission, shall create an annual framework and plan. The framework and plan shall be developed with public input and may utilize existing investment plan processes and workshops as well as existing state and third-party research and technology roadmaps. The framework and plan shall do all of the following:

(1) Articulate an overarching vision for technology development, demonstration, precommercial pilot, and early commercial deployments, with a focus on moving technologies through the commercialization process.

(2) Outline technology ~~categories and~~ *categories,* performance ~~criteria~~ *criteria, and required mandates* for technologies and applications that may be considered for funding pursuant to this section. This shall include technologies *and low-carbon fuel requirements* for medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short-haul and long-haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port equipment, agricultural equipment, construction equipment, marine equipment, and rail equipment.

(3) Describe the roles of the relevant agencies and the process for ~~coordination.~~ *coordination among agencies, program participants, and low-carbon fuel providers.*

(g) For purposes of this section, the following terms have the following meanings:

(1) Effective January 2, 2018, "Heavy-duty truck" means a vehicle that has a gross vehicle weight rate (GVWR) of 26,001 pounds or more.

(2) "Zero- and near-zero-emission" means vehicles, fuels, and related technologies that reduce greenhouse gas emissions and

improve air quality when compared with conventional or fully commercialized alternatives, as defined by the state board in consultation with the State Energy Resources Conservation and Development Commission. “Zero- and near-zero-emission” may include, but is not limited to, zero-emission technology, enabling technologies that provide a pathway to emissions reductions, advanced or alternative fuel engines for long-haul trucks, and hybrid or alternative fuel technologies for trucks and off-road equipment.

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